

<i>SERFF Tracking Number:</i>	<i>PNMC-125306106</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Pennsylvania National Mutual Casualty Insurance Company</i>	<i>State Tracking Number:</i>	<i>AR-PC-07-026506</i>
<i>Company Tracking Number:</i>	<i>MMP07-062</i>		
<i>TOI:</i>	<i>16.0 Workers Compensation</i>	<i>Sub-TOI:</i>	<i>16.0004 Standard WC</i>
<i>Product Name:</i>	<i>WC 1/1/08 LC adoption</i>		
<i>Project Name/Number:</i>	<i>/</i>		

Filing at a Glance

Company: Pennsylvania National Mutual Casualty Insurance Company

Product Name: WC 1/1/08 LC adoption

SERFF Tr Num: PNMC-125306106 State: Arkansas

TOI: 16.0 Workers Compensation

SERFF Status: Closed

State Tr Num: AR-PC-07-026506

Sub-TOI: 16.0004 Standard WC

Co Tr Num: MMP07-062

State Status:

Filing Type: Rate

Co Status:

Reviewer(s): Betty Montesi, Carol Stiffler

Author: Marsheelah Preston

Disposition Date: 10/24/2007

Date Submitted: 10/22/2007

Disposition Status: Approved

Effective Date Requested (New): 01/01/2008

Effective Date (New): 01/01/2008

Effective Date Requested (Renewal): 01/01/2008

Effective Date (Renewal):

General Information

Project Name:

Status of Filing in Domicile: Not Filed

Project Number:

Domicile Status Comments:

Reference Organization: NCCI

Reference Number: AR-2007-10

Reference Title: Arkansas - Approved Voluntary Loss Costs & Rating

Advisory Org. Circular: AR-2007-13

Values Effective January 1, 2008

Filing Status Changed: 10/24/2007

State Status Changed: 10/23/2007

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

We are filing for your review and approval to adopt the Arkansas Approved Voluntary Advisory Loss Costs and Rating Values as filed by the National Council on Compensation Insurance effective January 1, 2008.

We will continue to use our filed and approved Loss Cost Multiplier of 1.422, Expense Constant of \$160, Premium Discount factors, and Minimum Premium Formula. In addition; we will continue to use Hazard Groups 1 through 4 in accordance with NCCI Item B-1403. We are not actively pursuing workers' compensation business in Arkansas.

These changes are applicable to policies effective on and after January 1, 2008.

SERFF Tracking Number: PNMCMC-125306106 State: Arkansas
 Filing Company: Pennsylvania National Mutual Casualty Insurance Company State Tracking Number: AR-PC-07-026506
 Company Tracking Number: MMP07-062
 TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC
 Product Name: WC 1/1/08 LC adoption
 Project Name/Number: /

Company and Contact

Filing Contact Information

Marsheelah Preston, Senior Underwriting Technician
 2 N. Second St.
 Harrisburg, PA 17105-2361
 (717) 234-4941 [Phone]
 (717) 255-6327[FAX]

Filing Company Information

Pennsylvania National Mutual Casualty Insurance Company
 2 N. Second St.
 PO Box 2361
 Harrisburg, PA 17105-2361
 (717) 234-4941 ext. [Phone]
 CoCode: 14990
 Group Code: 271
 Group Name: Penn National Insurance
 FEIN Number: 23-0961349
 State of Domicile: Pennsylvania
 Company Type: P&C
 State ID Number: 03

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? No
 Fee Explanation: LC adoption, no change to LCM - \$50.00
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Pennsylvania National Mutual Casualty Insurance Company	\$0.00	10/22/2007	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
00890045	\$50.00	10/05/2007

SERFF Tracking Number:	PNMC-125306106	State:	Arkansas
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TOI:	16.0 Workers Compensation	Sub-TOI:	16.0004 Standard WC
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Carol Stiffler	10/24/2007	10/24/2007

<i>SERFF Tracking Number:</i>	<i>PNMC-125306106</i>	<i>State:</i>	<i>Arkansas</i>
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<i>Project Name/Number:</i>	<i>/</i>		

Disposition

Disposition Date: 10/24/2007

Effective Date (New): 01/01/2008

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: PPMC-125306106 State: Arkansas

Filing Company: Pennsylvania National Mutual Casualty Insurance Company State Tracking Number: AR-PC-07-026506

Company Tracking Number: MMP07-062

TOI: 16.0 Workers Compensation Sub-TOI: 16.0004 Standard WC

Product Name: WC 1/1/08 LC adoption

Project Name/Number: /

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
Supporting Document	NAIC loss cost data entry document	Approved	Yes

<i>SERFF Tracking Number:</i>	<i>PNMC-125306106</i>	<i>State:</i>	<i>Arkansas</i>
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<i>Product Name:</i>	<i>WC 1/1/08 LC adoption</i>		
<i>Project Name/Number:</i>	<i>/</i>		

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number:	PNMC-125306106	State:	Arkansas
Filing Company:	Pennsylvania National Mutual Casualty Insurance Company	State Tracking Number:	AR-PC-07-026506
Company Tracking Number:	MMP07-062		
TOI:	16.0 Workers Compensation	Sub-TOI:	16.0004 Standard WC
Product Name:	WC 1/1/08 LC adoption		
Project Name/Number:	/		

Supporting Document Schedules

Satisfied -Name:	Uniform Transmittal Document-Property & Casualty	Review Status:	Approved	10/24/2007
Comments:				
Attachment:	ARTransmittal.pdf			
Satisfied -Name:	NAIC Loss Cost Filing Document for Workers' Compensation	Review Status:	Approved	10/24/2007
Comments:				
Attachments:	ARWCcoverLC.pdf ARCalCoLCM.pdf			
Satisfied -Name:	NAIC loss cost data entry document	Review Status:	Approved	10/24/2007
Comments:				
Attachment:	ARLCdata.pdf			

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name					Group NAIC #
4. Company Name(s)	Domicile	NAIC #	FEIN #	State #	

5. Company Tracking Number	
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
7. Signature of authorized filer				
8. Please print name of authorized filer				

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)				
10. Sub-Type of Insurance (Sub-TOI)				
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]				
12. Company Program Title (Marketing title)				
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)			
14. Effective Date(s) Requested	New:		Renewal:	
15. Reference Filing?	<input type="checkbox"/> Yes <input type="checkbox"/> No			
16. Reference Organization (if applicable)				
17. Reference Organization # & Title				
18. Company's Date of Filing				
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved			

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	
21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]	

[illegible]

***Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #				
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)				
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	
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☐ Rate Increase ☐ Rate Decrease ☐ Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	
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4a.	Rate Change by Company (As Proposed)
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

4b.	Rate Change by Company (As Accepted) For State Use Only
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

5.	Overall Rate Information (Complete for Multiple Company Filings only)
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		COMPANY USE	STATE USE
5a	Overall percentage rate indication (when applicable)		
5b	Overall percentage rate impact for this filing		
5c	Effect of Rate Filing – Written premium change for this program		
5d	Effect of Rate Filing – Number of policyholders affected		

6.	Overall percentage of last rate revision	
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7.	Effective Date of last rate revision	
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	
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9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01		[] New [] Replacement [] Withdrawn	
02		[] New [] Replacement [] Withdrawn	
03		[] New [] Replacement [] Withdrawn	

Date: 10/22/2007

Space Reserved for Insurance
Department Use

**WORKERS' COMPENSATION
LOSS COST FILING DOCUMENT COVER FORM**

**INSURER RATE FILING
ADOPTION OF ADVISORY ORGANIZATION
PROSPECTIVE LOSS COSTS**

1. INSURER NAME PENNSYLVANIA NATIONAL MUTUAL CASUALTY INSURANCE CO
ADDRESS PO BOX 2361
HARRISBURG, PA 17105

2. PERSON RESPONSIBLE FOR FILING Marsheelah Preston
TITLE Underwriting Technician TELEPHONE # (717) 234-4941 ext 2428
3. INSURER NAIC # 14990
4. ADVISORY ORGANIZATION NCCI
- 5A. PROPOSED RATE LEVEL CHANGE 2.7% EFFECTIVE DATE 1/1/2008
5B. PROPOSED PREMIUM LEVEL CHANGE* 2.7% EFFECTIVE DATE 1/1/2008
- 6A. PRIOR RATE LEVEL CHANGE -5.4% EFFECTIVE DATE 7/1/2007
6B. PRIOR PREMIUM LEVEL CHANGE* -5.4% EFFECTIVE DATE 7/1/2007
7. ATTACH "NAIC LOSS COST FILING DOCUMENT—WORKERS' COMPENSATION"
(Attach this document separately for each insurer selected loss cost multiplier.)

(EFFECTIVE AUG. 16, 2004)

NAIC LOSS COST FILING DOCUMENT ----- WORKERS' COMPENSATION

6.	Overall Impact of Expense Constant and Minimum Premiums: (a 2.3% impact would be expressed as 1.023)	0.934
7.	Overall Impact of Size-of-Risk Discounts plus Expense Graduation Recognition in Retrospective Rating: (An 8.6% average discount would be expressed as 0.914)	0.982
8.	Company Formula Loss Cost Multiplier [3B / ((7 - 4F) X 6)]	1.555
9.	Company Selected Loss Cost Multiplier= To maintain our current LCM.	1.422

Yes No

10. **Are you amending your minimum premium formula?** If yes, attach documentation, including rate level impact as well as changes in multipliers, expense constants, maximum, etc. () (X)
11. **Are you changing your premium discount schedules?** If yes, attach schedules and support, detailing premium or rate level changes. () (X)

Exhibit 1

State: Arkansas

Line of Business: Workers' Comp.

Source: Page 14 & IEE

	2004	%	2005	%	2006	%	3-Year Total	%	Selected Provisions
Written Prem.	6,076		3,453		1,478		11,007		
Earned Prem.	6,545		3,605		1,911		12,061		
Commission	346	5.7%	262	7.6%	82	5.5%	690	6.3%	6.3%
Other Aquisition	551	8.4%	265	7.3%	150	7.8%	966	8.0%	8.0%
General	115	1.8%	68	1.9%	39	2.0%	222	1.8%	1.8%
Taxes, Licenses & Fees	906	14.9%	1,124	32.6%	708	47.9%	2,738	24.9%	14.9%
Profit & Contingencies*									-1.7%
 Total Expenses									29.4%

* See Exhibit 2

State: Countrywide

Line of Business: Workers' Comp.

Source: Page 14 & IEE

	2004 <u>(x1000)</u>	%	2005 <u>(x1000)</u>	%	2006 <u>(x1000)</u>	%	<u>3-Year</u> Total	%	<u>Selected</u> Provisions
Written Prem.	88,614		94,194		85,995		268,803		
Earned Prem.	84,912		93,234		89,364		267,510		
Commission	8,769	9.9%	9,523	10.1%	8,829	10.3%	27,121	10.1%	10.1%
Other Aquisition	7,143	8.4%	6,841	7.3%	7,007	7.8%	20,991	7.8%	7.8%
General	1,494	1.8%	1,764	1.9%	1,808	2.0%	5,066	1.9%	1.9%
Taxes, Licenses & Fees	3,350	3.8%	2,757	2.9%	2,510	2.9%	8,617	3.2%	3.8%
Profit & Contingencies*									-0.4%
Total Expenses									23.3%

WORKERS' COMPENSATION Permissible Loss Ratio*

<u>Underwriting Expense Provisions</u>	AR
Commission	6.3%
Other Acquisition	8.0%
General	1.8%
Premium Taxes&Assessments	14.9%
Other Taxes	0.0%
Write-Offs	0.0%
Residual Market	0.0%
Dividend	0.0%
Reinsurance Expense	<u>0.0%</u>
Total Premium Related Expenses	31.0%

Target Combined Ratio	101.7%
Minimum U/W gain needed to achieve target ROS	-1.7%
Target Loss & LAE Ratio	70.7%

Target Operating Ratio Exhibit WORKERS' COMPENSATION

	AR
(1) Written Premium (CW)	79,935
(2) Unearned Prem. Reserve (CW)	32,949
(3) Prepaid Expenses	8,600
(4) Outstanding agent's balances	20,895
(5) Loss Reserves/Incurred	2,516
(6) Reserves/Premium	1.821
(7) Reserves/Surplus	2.459
(8) P/S allocated to this line	1.350
(9) Investment Rate of Return	3.9
(10) Tax Rate on investment	15.3%
(11) Tax Rate on u/w profit	34.0%
(12) Target Returned on Surplus (%)	10.0
(13) % Investment Return	(a) Pre Tax
(as % of surplus)	13.571
	(b) After Tax
	11.493
(14) % Excess above target ROS	1.493
(15) Excess as % of premium	1.106
(16) Minimum U/W gain needed to achieve target ROS	-1.7%
(17) Target Operating Ratio	101.7%

1.	This filing transmittal is part of Company Tracking #	MMP07-062
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	NCCI / AR-2007-10
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Company Name		Company NAIC Number
A.	Pennsylvania National Mutual Casualty Insurance Company	B. 14990
3.		

	Product Coding Matrix Line of Business (i.e., Type of Insurance)	Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4. A.	16.0 Workers' Compensation	B. 16.0004 Standard WC

		FOR LOSS COSTS ONLY					
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
COVERAGE (See Instructions)	Indicated % Rate Level Change	Requested % Rate Level Change	Expected Loss Ratio	Loss Cost Modification Factor	Selected Loss Cost Multiplier	Expense Constant (If Applicable)	Co. Current Loss Cost Multiplier
Workers' Comp	+2.7	+2.7	70.6	1.00	1.422	160	1.422
TOTAL OVERALL EFFECT							

6. 5 Year History		Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2006	8			2	-2	-100.0	73.2
2005	5			4	36	900.0	70.0
2004	5			7	50	714.3	67.2
2003	7			-12	-5	41.7	69.2
2002	7			16	-3	-18.8	80.4

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	14.3
B. General Expense	1.8
C. Taxes, License & Fees	14.9
D. Underwriting Profit & Contingencies	-1.7
E. Other (explain)	
F. TOTAL	29.4

8. Y Apply Lost Cost Factors to Future filings? (Y or N)

9. _____ Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____

10. _____ Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____